

Board and CEO Selection and Evaluations

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Overview of Considerations

- Process is critical – even more so than other employees
- Working group (i.e. consultants, legal counsel, management, recruiters)
- Mission/Goals of Organization
- Incorporated as part of Mission, Goals, Strategic Plan

Board Evaluations External Factors

- SEC/Marketplace
- State laws
- Institutional and activist investors
- Media

Board Analysis

- Composition of the Board and its Responsibilities
- Composition of Committees, Charters, and their Responsibilities
- Board Meetings and Materials
- Board Performance and Effectiveness

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Board Analysis

- Compensation & Other Arrangements
- Culture and Ethics
- General/Other matters

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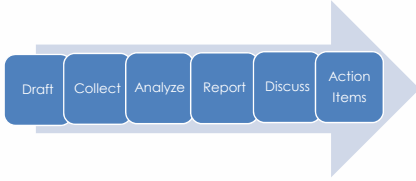
Board Self-Evaluation

- Compliance
- Effectiveness
- Alignment with Mission, Values and Strategy
- Evaluation of a group dynamic makes the process complicated and unique
- Board must be frank and unified

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Process of Board Evaluation



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CEO Evaluation

Provide feedback on:

- Technical expectations (competency)
- Cultural effectiveness/expectations
- Behavioral leadership/expectations (policies, instructions, rules of conduct)

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CEO Analysis

- Vision and Mission
- Company Values
- Board Relations and Communications
- Organizational Success
- Management
- General/Other matters

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CEO Evaluation

Considerations:

- Privacy of the CEO and honest feedback
- Too many cooks in the kitchen
- Process and legal considerations are heightened
- Organizational and Culture Success

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Leading the Evaluation Process

- Experience with and understanding of the Board members and CEO roles
- Ability to be objective and neutral
- Respect confidentiality nature
- Compliance and documentation

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Trends and Considerations

- How often do you evaluate
- Structure of questionnaires and interviews
- Third-party facilitators
- Organizational changes
- Outside influences
- More formalization of the process

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Board/CEO Selection

- Board Task of Selection by Committee
- Process is critical – selection system
- Training of the Board on Compliance and a compliant process
- Use of recruitment firms

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Board/CEO Selection

- Uniform Communication Plan
- Predetermination of qualifications, factors and questions with the Board
- Use of coordinator/legal counsel for coordination, advice and confidentiality

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NASDAQ Diversity Matrix

Board Disclosure Form

Board Diversity Matrix (As of 12/31/22)				
Total Number of Directors				#
	Female	Male	Non-Binary	Did Not Disclose Gender?
Part I: Gender Identity				
Directors	x	x	x	x
Part II: Demographic Background				
African American or Black	x	x	x	x
Hispanic or Latin American	x	x	x	x
Asian	x	x	x	x
Hispanic or Latin	x	x	x	x
Native Hawaiian or Pacific Islander	x	x	x	x
White	x	x	x	x
Two or More Races or Ethnicities	x	x	x	x
LGBTQ+			x	
Did Not Disclose Demographic Background				x

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California

AB 979 - 2021 California public companies have at least one director who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native, or who self-identifies as gay, lesbian, bisexual, or transgender.

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California

- 2022, Minimum Number of Directors from Underrepresented Communities
- Nine or more – Three
- Five to Eight – Two
- Four or fewer – One

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Recruiting Considerations Around D&I

- Title VII, ADA, Veterans Act and Section 1981
- Do not discriminate
- Recruit and use affirmative action not quotas or bias
- Consideration of Board Function and Skills being recruited over bias

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Final Thoughts

- Board expression and unified decision/communication is essential
- Alignment with Mission, Values, Strategic Plan are critical. There is no better use for these works
- Process is all the more important and necessary for compliance and coordination.

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Questions?

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